Proposed Synopsis

For

Ph.D. Degree

Faculty of Social Science (Economics)

L.N. Mithila University, Kameshwarnagar
Darbhanga

-: Title of the Research:-

Problems and Prospects of Food Processing Industries in Bihar

Research Scholar

Anshu Singh
PAT: 2021-22
Roll No: E2205018

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1. Title of the Research:-

Problems and Prospects of Food Processing Industries in Bihar

2. Statement of problems:

Food is a basic requirement of man than even shelter and clothing. It is the source of nutrients and provides the energy required for all activities of a human body, such as growth, repair of the damaged tissues, reproduction and sustenance. Food processing Industry processes materials of plant or animal origin by transformation and preservation through altering physical and chemical characteristics and packaging. It has manifold contribution to economic development. It transforms raw material into finished products for consumption; constitutes a significant proportion of the developing countries manufacturing production and exports and develops food system that provides the nutrients critical for the well-being of the expanding population. Food-processing industry also plays a crucial role in the industrialization process of the developing countries. Although its importance declines as industrialization advances, yet with rise in income and with increased urbanization, the demand for more complex and diverse types of processed food increases. The value of commerce in processed food exceeds that of basic agricultural commodities by several magnitudes. Although bulk of this trade takes place in the developed countries and is dominated by a few multinational firms, the scope of sub countenancing to these firms is enormous. The food processing in Bihar today is mainly in the unorganized sector with over 1,000 bakeries and confectioneries and even small-scale grain processing continuing in the unorganized sector.

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The estimated growth rate of food processing sector in Bihar during the last two to three years has been 3.46 percent as compared to an all India figure of about seven percent.

At present, consumers are dependent upon processing for most of their requirements. Many technological changes have occurred in the recent past such as the introduction of refrigeration modern methods of milling, new processing methods for dairy product and modern methods of packaging and presentation. There technological changes have a significant impact on the standard of living of the consumers. The business community leading to diversification from grain trading to processing realized the importance of the sector. Lead was given by the rice processing industry, followed closely by wheat milling, milk processing, and sugarcane processing and oils extraction through solvent plants. In some areas like the solvent extraction industry, the growth in installed processing capacity has been far higher than the supply of the raw materials. However, in other areas like fruits and vegetable processing, the growth has not been encouraging because of poor demand for processed products by the consumers. In such cases, the industry has also not been able to develop the demand adequately.

The demand and necessity for food-processing increases as agricultural production rises, conversely new processing activities can open up new opportunities to farmers and thus, create additional revenues for them. By creating new market for farm products, it can boost income of small/subsistent farmers. In the regional development context, it provides economic justification to build rural infrastructure food processing industry, playing a pivotal role in rural industrialization, provides significant and long-term development stimulus to rural populace. When food processing industry creates backward demand, farm employment usually increases. This is indeed an important outcome, since agriculture is the primary employer in the developing

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countries further; it creates jobs in sectors like transportation, distribution and retail trade as well.

Over the last two decades, there has been a substantial shift of organized manufacturing from urban to rural areas because of space constraints environmental concerns, other cost advantages etc. However, more than nineteenth of rural manufacturing workforce is in unorganized sector further, linkage of the rural organized manufacturing sector to the other sectors of rural areas in relation to poverty reduction and indirect employment generation is quite weak. Therefore, the village level food-processing units of topical interest to NABARD belong to the unorganized sector in rural areas. It includes three types of enterprises- own count enterprises (Using only family labour), non-directory establishments (using hired labour but where total number of workers is less than 6) and larger sized directory establishments (which use hired labour and employ more than 5 workers).

The Bihar Industrial Policy 2016 has placed high importance on agro-based industries in the state. In the Policy paper, food processing sector has been included as one of the ten priority sectors. The new policy is expected to promote substantially the food processing sector in the state. Under this policy, special attention will be given to perishable commodities such as fruits, vegetables, fish, etc. If one can reduce the wastage of these commodities, farmers would be able to realize better price and thereby increase their income. Since basic infrastructure has not been fully developed for this sector, around 15-20 percent of agriculture produce get wasted in the state. By 2025, it is envisaged to increase the processing facilities by 50 percent, and thereby substantially reduce the wastages of agriculture produce. The income of farmers may increase by 30 percent due to this and this would also create about 10-15 lakh new employment opportunities by 2025.

The present study proposes to investigate into the issues, problems and prospects of food processing industry in Bihar. It is well documented

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that majority of food processing industries are mostly proprietary self-financed often house managed and employing only a few or a small number of workers. It is obvious, therefore, that a need of food processing industries in Bihar.

3. Review of literature:

A lot of work has been done on various aspects of food processing industries in India. The important studies among these works are as follows:

Shukla (2014) defined agro-industry as an enterprise that processes agricultural raw materials including ground and tree crops as well as livestock. The degree of processing varies from the cleaning and grading of apples to the milling of rice, to the cooking, mixing and chemical alteration that create a textured vegetable food. According to him, considered agro-industry can roughly be categorized according to the degree of raw materials transformed.

Desai (2011) divided agro-industry into food-processing and agro-related industry. They had a wider coverage of agro-industry in agro-related industry category in comparison with that of Srivastava.

Srivastava (2019) considered agro-industry as an enterprise that processes biomass i.e. agricultural raw materials, which include ground and tree crops as well as livestock and fisheries, to create edible or usable forms, improve storage and self-life, create easily transportable forms, enhance nutrition value and extract chemicals for others. It is divided into two parts: (a) agro-food industry and (b) agro-nonfood industry, Processing includes processing of main products processing of by products and extraction of chemical as well.

Recent research work by **Chadha and Sahu (2013)** also used same concepts. They defined agro-industry as subset of manufacturing that processes raw materials obtained from agriculture and its associated sectors such as animal husbandry, forestry and logging and intermediate products derived such as raw hides and skins for manufacture of leather

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and leather products. In the course of development through industrialization, there is a general tendency towards increasing concentration of industry in the hands of a few large enterprises. The expansion of small enterprises brings variation in this process. The continuing play of opposite forces favoring large and small enterprises, whose relative strengths vary at different times and places particularly at different stages of economic development that determines the size structure of industry.

This review of literature on food processing industries in India reveals that there are many studies on almost all aspects of food processing industries in the country. Therefore, the present study is a humble attempt to fill the gap in the existing knowledge on food processing industries in India.

4. Objectives of the Study:

1. To investigate the present status of food processing industries and correlates it with their performance.
2. To study the factors of production, raw material infrastructure and potentialities of food processing industry in Bihar.
3. To study the prospects of food processing industry in Bihar.
4. To find out the problems of food processing industry in Bihar.
5. To examine the marketing system and Government policy towards of food processing industry in Bihar.

5. Hypothesis of the study:

The following hypothesis will be tested in the present research work:

1. Food processing industries have been paying an immense role in income and employment generation in Bihar.
2. Entrepreneurs in Food processing industries have prior training or experience of managing business.
3. Food processing industries are most viable and suitable for the overall economic development of Bihar.

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6. Significance of the study:

For an agrarian economy, food processing has been found to be the key for economic growth. Food has one of the highest economic multipliers of any industry. The food processing industry is one of the world's largest employers. For every job in the food sector, many additional jobs are created for retailers, suppliers and other business partners. Globally, food processing industry is one of the first industries to develop scale and importance, whereas in Bihar, it is still negligible. Food processing industry is of enormous significance to Bihar's development because of the vital linkages and synergies that it can bring about in state's industrial and agriculture sector. First growth in the food processing sector and progressive improvement in the value addition chain are also of great importance for achieving favorable terms of trade for Bihar agriculture. Food processing industry transforms agricultural raw materials into safe, convenient, delicious and nutritious products for consumers. It is a diverse industry that ranges from small and medium enterprises to major multi-national companies. It also helps in reducing wastage and spoilage. Food processing industry is of enormous significance to the development of Bihar.

7. Research Methodology:

The methods of the study will be analytical and critical supplemented by statistical surveys and empirical studies. The data will be tabulated and presented in both the numbers and percentages.

Some of the important tools which will be applied include:-

- Ratio.
- Proportion.
- Trend analysis.
- Percentage.
- Average etc.

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Major part of the secondary data will be collected from various:-

- Books,
- Journals and Magazines,
- Reference Annual,
- Newspapers and economic Dailies,
- Websites etc.

8. Plan of work:-

Present Research work will be accomplished under following chapters:-

Chapter- 1: Introduction.

The first chapter of the study deals as introductory remarks of the research works in which different segment of the study will be evaluated. Problems of study, objectives, hypothesis, and Significance of the study, methodology and plan of work will also be discussed in this chapter.

Chapter- 2: Present position of food processing industries in Bihar

In the second chapter of study present position of food processing industries in Bihar will be examined.

Chapter- 3: Problems of food processing industries in Bihar

In the third chapter present study Problems of food processing industries in Bihar will be analyzed.

Chapter- 4: Prospect of food Processing industries in Bihar

In this chapter Prospect of food processing industries in Bihar will be examined.

Chapter- 5: Government policies regarding food-processing industries

In this chapter Government policies regarding food-processing industries will be evaluated.

Chapter- 6: Conclusion and Suggestions.

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In this chapter concluding remarks and suggestions for better practices of Food Processing Industries will be discussed.

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Signature of Supervisor

Anshu Singh
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Signature of Research Scholar